

Full Disclosure by Developers would Help Level the Playing Field for LA's Stakeholders

Show Us the Money

By Jack Humphreville



At a recent CityWatch hosted discussion at City Hall about the Mayor's new Housing Plan and its Mixed Income element, I came away with the conclusion that we need significantly more transparency in the zoning and planning process.

In Los Angeles, the City has extraordinary power to create huge value out of thin air just by changing the zoning regulations. As County Supervisor Zev Yaroslavsky has said on many occasions: In most places, the value is based on zoning. In Los Angeles, the value is based on what you want the zoning to be! So it is not surprising that the real estate developers and their lobbyists and lawyers are a constant presence at City Hall. And we, the residents of Los Angeles, who do not have the resources and time to understand the multi-layered and complex approval process or the money to finance research, lawyers and lobbyists, often times have to pay the price, whether it be large scale construction projects, more traffic, higher densities, and less parking, and have no clue how their neighborhood got shafted.

However, greater transparency might help level the playing field. In particular, all projects that come before the City for zoning changes or other special concessions should be required to make full and complete financial disclosure about the project and other related matters, including water use and replaced housing. Such disclosure would include the economics of the transaction, the rates of return, the investors, the lenders, and any other pertinent and relevant information. The disclosure would include a list of all participants, including lobbyists and lawyers, as well as all actual and bundled political contributions. An executive summary would be mandatory so we are not drowned in paper work.

An example of massive wealth creation is Camerford Lofts, a Melrose Avenue development, just east of Rossmore. The developer is asking to build an extra 150,000 square feet, a 50% bonus, over what is allowed. This will result in additional profit of \$100 a foot, or \$15,000,000, of which \$900,000 is being contributed to various "pet" projects. Not a bad deal! Yet, despite repeated requests, the developer has stonewalled the Neighborhood Council. The net result is that the developer walks away with an extra \$14,100,000 in profit and we get struck holding the bag.

Likewise, BRE Properties wants to develop a "scaled down" 562 unit, block filling, traffic clogging, two story monster project at La Brea and Wilshire Boulevards which will require significant concessions from the City. At a recent presentation to the Greater Wilshire Neighborhood Council, BRE Properties refused to disclose the basic economics of the transaction and the value of the benefits that this multi billion dollar company would receive from the City. What's to hide? \$100,000,000 for starters!

And the mid Wilshire area is not alone. Ponte Vista is a density and traffic nightmare for the San Pedro community. Bisno Development of Beverly Hills wants massive concessions - a four fold increase in density, but refuses to disclose even basic financial information. Is it the community's fault that Bisno overpaid for the land in the hope of favorable treatment? Should San Pedro have to pay for Bisno's foolish greed with massive traffic jams?

Furthermore, if a developer receives zoning and financial (tax breaks) benefits from the City, the developer should be required to disclose financial information about the project every year so that if the developer hits a home run, the City could recoup its tax breaks, with interest. Think LA Live!

We, the residents of Los Angeles, need to level the playing field. It is not a fair fight. Increased disclosure is a start. *(Jack Humphreville is a publisher and a member of the Greater Wilshire Neighborhood Council. Humphreville writes for CityWatch.)* _